

HARRISBURG - After four years, the Pennsylvania Gaming Control Board finally ran out of patience with the Foxwoods Casino project.

In a decision that shocked Foxwoods' attorneys and left anti-casino activists

giddy with victory, the commissioners voted, 6-1, Thursday to strip the project of its \$50 million slots license.

What will happen next, no one knows.

This is the first time the state has revoked a gaming license. If the matter winds up in court, it could mean that Philadelphia does not see a second casino for some time. The city's first gaming hall, SugarHouse Casino, opened in September in Fishtown.

Pennsylvania's gaming law does not spell out the next step, said Doug Sherman, the board's chief counsel.

An appeal, he said, would be handled by Commonwealth Court. The specter of litigation with Foxwoods could "freeze" that license, he added. "We have to wait and see."

State Rep. Curt Schroder of Exton, the ranking Republican on the House Gaming Oversight Committee, said the license should be auctioned off across the state, not just to bidders in Philadelphia. He is preparing legislation to amend the gaming law to allow just that.

"This is our one and only opportunity to do this in a way it should have been done in the first place," Schroder said.

The gaming board rejected the Foxwoods group's latest attempt to salvage the project - this one involving partnering with Harrah's Entertainment Inc., of Las Vegas, to finance and operate a gaming hall in South Philadelphia.

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F. Warren Jacoby, a lawyer representing Foxwoods, said the board had acted "arbitrarily." He said he was "shocked" by the vote and did not know yet if the partners would appeal the board's decision.

William Downey, an attorney for Harrah's, now doing business as Caesars Entertainment Corp., hurried from the hearing at the Pennsylvania State Museum without saying a word.

According to sources, the Foxwoods group - Philadelphia Entertainment & Development Partners L.P. (PEDP) - already had sunk \$182 million into the venture.

That sum included a \$30 million contribution from the Mashantucket Pequot tribe, which owns the Foxwoods megacasino in Connecticut, and a \$60 million loan from Citizens Bank. In addition, the local investors bought the South Philadelphia property for \$67 million, issuing an I.O.U. to a Harrah's affiliate that had owned the 16-acre waterfront site.

In the last four years, the partnership also reportedly spent about \$25 million on lawyers, advisers, architects, and other professional vendors.

At least one group is interested in taking over for Foxwoods. Preservationists trying to save the SS United States - a historic but derelict ocean liner docked near what had been the proposed site - have pitched the idea of renovating it into a casino.

Philanthropist H.G. "Gerry" Lenfest is backing the concept, in which the ghost ship would become the focal point of an ambitious redevelopment of the 16-acre waterfront property.

For the city, Foxwoods' lost license means no extra tax revenue to pump up the budget.

City Hall had anticipated \$11 million in tax revenue a year from the casino, beginning in fiscal 2013. Mayor Nutter said Thursday that while the city budget would not be immediately affected, his finance director would have to revise revenue projections.

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"We are in a period here where there are obviously more questions than there are answers," Nutter said.

The gaming board's decision marks a stunning collapse of a project that was viewed as a sure thing in 2006, when it won one of the city's two gaming licenses.

The men behind it were some of Gov. Rendell's closest friends, including South Jersey entrepreneur Lewis Katz, Center City developer Ron Rubin, and Comcast-Spectacor L.P. chairman Ed Snider. They initially brought in the Mashantucket Pequot to join them in a bid to develop and operate a slots parlor on Columbus Boulevard, between Reed and Tasker Streets.

But the tribe fell on hard economic times and could not move forward with the project. Local neighborhood and political opposition, particularly from Nutter, was fierce.

The Foxwoods partners thought about moving the casino to a less expensive location in Center City. But the gaming board ordered them to ditch that idea and stick with the waterfront.

They then approached Las Vegas casino mogul Steve Wynn about taking over for the tribe. But last April, after reaching an agreement, Wynn unexpectedly dropped out.

Last Friday, Foxwoods and Caesars delivered to the gaming board a waist-high stack of documents that they said represented a "definitive agreement" to do a deal.

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